

January 31, 2006

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Eileen Wenger Tutt
Special Advisor to the Secretary
California Environmental Protection Agency
1001 I Street, P.O. Box 2815
Sacramento, CA 95812-2815

Dear Ms. Tutt:

Thank you for giving The Climate Trust the opportunity to comment on the current draft report of the Climate Action Team.

NON-VOTING DIRECTORS

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Above all, we would like to commend Governor Schwarzenegger and the lead California state agencies which make up the Climate Action Team for their hard work in addressing climate change. You are showing great leadership and bi-partisanship in taking on one of the most crucial issues of our time. We learned in Montreal last December that the rest of the world is now watching state initiatives in the US with great hope and anticipation.

First, as your work progresses, we ask you and other stakeholders to please consider The Climate Trust as a resource for developing high-quality, project-based reduction programs.

The Climate Trust is an independent, non-profit organization whose sole mission is to implement high quality project-based emissions reductions, and to advance the use of project-based offsets as a mitigation tool. There is a common misperception about us among many stakeholders which we would like to clarify. Although we are based in Portland, Oregon, The Climate Trust is not a regulatory body or state agency responsible for the origination or enforcement of the Oregon Carbon Dioxide Standard. We are an independent non-profit organization. While we do serve a central role in implementing Oregon's standard, we have a much broader charter. To that end, we are also serving regulators in Massachusetts, environmental groups in Montana, and numerous forward looking corporations around the country seeking to do the right thing about global warming. In the case of all our work, we are in the first instance concerned with securing the best outcome – environmentally and economically – of existing statutes or other drivers that allow for project-based reductions – “offsets” – as a mitigation tool. Once again, the Climate Trust is not synonymous with the Oregon Carbon Dioxide Standard.

Mike Burnett,
Executive Director

that are using carbon offset projects as part of an overall GHG reduction strategy. Should California continue their work on carbon offset projects, there is a considerable amount of established, publicly available "case law" that can be accessed by policy makers.

Carbon offset projects are cost-effective way to achieve GHG reductions in other sectors. If the Governor and the Legislature proceed down the path the implementation of a cap and trade system, the system will most likely apply to the power generation and other industrial sectors with the highest point-sources of GHG emissions. Although there are other policy options available, inclusion of project-based carbon offsets is a cost-effective way to fund GHG reduction activities in a wide variety of other sectors such as: energy efficiency, transportation, and forestry. It has been the experience of the Climate Trust that there are high quality offset projects available in all these sectors.

Recommendations

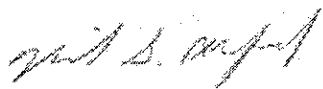
Include an "offset pilot project" as part of the recommendations from the Report.

We do not believe it can be "too early" to begin gathering knowledge and experience regarding project-based reductions. Rather, we believe the problem of climate change is too grave and immediate to leave offsets out of the current policy mix, whether out of fear of losing one-to-one certainty on reduction accounting or in the hope to gain a stronger negotiating position on other policy fronts. There are no panaceas in the climate change policy debate, and offsets do not pretend to be one. Therefore we recommend that California begin examining a pilot program for "offsets" as soon as possible.

The Climate Trust also recommends that any pilot offset program strongly emphasize the concept of "quality" as a core component of a pilot program on offsets. If carbon offsets are to be incorporated into a future cap and trade system, it is important the regulators and other stakeholders have confidence in the offsets generated by carbon reduction projects. An emphasis on quality offsets implemented by any pilot program would help this needed stakeholder understanding and support for the use of carbon offsets as part of overall GHG reduction policies.

Thank you for this opportunity to provide comments to the Task Force. The Climate Trust looks forward to working with the California stakeholders in any way valuable at this early stage of the discussion.

Sincerely,



Michael S. Ashford

Deputy Director
The Climate Trust
Phone # 503.238.1915; Fax # 503.238.1953
65 SW Yamhill Street, Ste 400; Portland, OR 97204